
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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ENERGY EAST/CMP MERGER APPROVED

Two northeastern utilities won merger approval today from the Federal Energy Regulatory Commission, clearing the way for their \$6.4 billion combination that will serve approximately 1.6 million customers in the Northeastern United States.

Energy East, based in Stamford, Connecticut, will purchase Augusta, Maine-based, CMP Group, the parent company of Central Maine Power Company. Central Maine is that state's largest electric utility serving about 533,000 customers in central and southern Maine. Energy East is a public utility holding company operating in New York, Massachusetts, Maine, New Hampshire, Vermont and New Jersey. Its jurisdictional utility, New York State Electric & Gas Corporation (NYSEG), serves over one million customers in upstate New York.

Based on the companies' commitments, the Commission found that the merger would meet the public interest standard of the Federal Power Act. Under the Commission's 1996 Merger Guidelines, the Commission focuses its review on three key issues—the effect of the merger on competition, rates and regulation.

Chairman James J. Hoecker commented that: "In this case, we have members of two neighboring Independent System Operators coming together, in my view, laying the groundwork for a wholesale market of greater scope. This is further evidence that future power markets will not be constrained by historical trading boundaries or by limited strategic thinking. Like the Commission's initiative under Order No. 2000, such corporate consolidation will tend to make the commercial and operational perspectives of market participants truly regional in nature."

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(More)

Central Maine has divested substantially all of its generating assets and now operates primarily as an electric transmission and distribution utility. It has transferred control of its transmission system to the ISO New England. NYSEG has also divested much of its generation facilities and will be almost entirely engaged in transmission and distribution of electricity and natural gas. NYSEG, a member of the New York Power Pool, has transferred control of its transmission system to the New York ISO.